

Business Tax Credits for 2005

Table of Contents

	Page		Page
I. INTRODUCTION	1	B. Who may qualify for the credit and on what form is it claimed?.....	6
II. DEFINITIONS.....	1	C. When must the credit be claimed?	6
III. MANUFACTURER'S SALES TAX CREDIT.....	2	D. Is the credit refundable or nonrefundable?.....	6
A. What is the purpose of the credit?.....	2	E. Where can I obtain more information?	6
B. Who may qualify for the credit and on what form is it claimed?.....	2	VIII. SUPPLEMENT TO FEDERAL HISTORIC REHABILITATION TAX CREDIT	6
C. When must the credit be claimed?	2	A. What is the purpose of the credit?.....	6
D. Is the credit refundable or nonrefundable?.....	2	B. Who may qualify for the credit and on what form is it claimed?.....	7
E. Where can I obtain more information?	3	C. When must the credit be claimed?	7
IV. RESEARCH CREDITS	3	D. Is the credit refundable or nonrefundable?.....	7
A. Research Expense Credit	3	E. Where can I obtain more information?	7
1. What is the purpose of the credit?	3	IX. DAIRY INVESTMENT CREDIT	7
2. Who may qualify for the credit and on what form is it claimed?	3	A. What is the purpose of the credit?.....	7
3. When must the credit be claimed?.....	3	B. Who may qualify for the credit and on what form is it claimed?.....	8
4. Is the credit refundable or nonrefundable?	3	C. When must the credit be claimed?	8
5. Where can I obtain more information?	3	D. Is the credit refundable or nonrefundable?.....	8
B. Research Facilities Credit	3	E. Where can I obtain more information?	8
1. What is the purpose of the credit?	3	X. FARMLAND CREDITS	8
2. Who may qualify for the credit and on what form is it claimed?	3	A. Farmland Preservation Credit	8
3. When must the credit be claimed?.....	4	1. What is the purpose of the credit	8
4. Is the credit refundable or nonrefundable?	4	2. Who may qualify for the credit and on what form is it claimed?	8
5. Where can I obtain more information?	4	3. When must the credit be claimed?.....	9
V. DEVELOPMENT ZONES CREDITS.....	4	4. Is the credit refundable or nonrefundable?	9
A. What is the purpose of the credits?	4	5. Where can I obtain more information?	9
B. Who may qualify for the credits and on what form are they claimed?.....	5	B. Farmland Tax Relief Credit.....	9
C. When must the credits be claimed?.....	5	1. What is the purpose of the credit?	9
D. Are the credits refundable or nonrefundable?.....	5	2. Who may qualify for the credit and on what form is it claimed?	9
E. Where can I obtain more information?	5	3. When must the credit be claimed?.....	9
VI. TECHNOLOGY ZONE CREDIT	5	4. Is the credit refundable or nonrefundable?	9
A. What is the purpose of the credit?.....	5	5. Where can I obtain more information?	10
B. Who may qualify for the credit and on what form is it claimed?.....	5	XI. ADDITIONAL INFORMATION OR FORMS.....	10
C. When must the credit be claimed?	6	XII. AVAILABILITY OF BUSINESS TAX CREDITS	11
D. Is the credit refundable or nonrefundable?.....	6		
E. Where can I obtain more information?	6		
VII. COMMUNITY DEVELOPMENT FINANCE AUTHORITY CREDIT	6		
A. What is the purpose of the credit?.....	6		

IMPORTANT CHANGES

Manufacturer's Sales Tax Credit. The manufacturer's sales tax credit may not be computed for taxable years beginning after December 31, 2005.

Farmland Tax Relief Credit. For taxable years beginning on or after January 1, 2005, the farmland tax relief credit is 20% of the farmland net property taxes, but not more than \$1,500.

I. INTRODUCTION

This publication provides information about the Wisconsin tax credits that may be available to corporations, tax-option (S) corporations, partnerships, limited liability companies (LLCs), and sole proprietorships doing business in Wisconsin for taxable years beginning in 2005.

These tax credits consist of the following:

- Manufacturer's sales tax credit
- Research credits
- Development zones credits
- Technology zone credit
- Community development finance authority credit
- Supplement to federal historic rehabilitation tax credit
- Dairy investment credit
- Farmland credits

CAUTION

The information in this publication reflects interpretations by the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of December 1, 2005. Laws enacted after this date, new administrative rules, and court decisions may change the interpretations in this publication.

II. DEFINITIONS

In this publication, the following definitions apply, unless stated otherwise.

Corporation - Includes corporations, insurance companies, regulated investment companies (RICs), real estate mortgage investment conduits (REMICs), real estate investment trusts (REITs), financial asset securitization investment trusts (FASITs), publicly traded partnerships treated as corporations in section 7704 of the Internal Revenue Code (IRC), limited liability companies (LLCs) treated as corporations under the Internal Revenue Code, joint stock companies, associations, common law trusts, and all other entities treated as corporations under IRC section 7701.

Exempt Corporation - A corporation exempt from Wisconsin franchise or income taxation under sec. 71.26(1)(a) or 71.45(1), Wis. Stats., that is subject to the tax on unrelated trade or business income under IRC section 511 for federal income tax purposes.

Partnership - Includes general partnerships, limited partnerships, registered limited liability partnerships (LLPs), limited liability companies (LLCs) treated as partnerships under the Internal Revenue Code, syndicates, groups, pools, joint ventures, and other unincorporated organizations.

Sole Proprietorship - Includes unincorporated businesses operated by individuals, estates, trusts, and exempt trusts subject to tax on unrelated business taxable income.

Tax-Option (S) Corporation - A corporation which is treated as an S corporation under subchapter S of the Internal Revenue Code and has not elected out of tax-option corporation status for Wisconsin purposes.

Note: A single-owner entity that is disregarded as a separate entity under IRC section 7701, or a corporation treated as a qualified subchapter S subsidiary (QSub) for federal purposes, is disregarded as a separate entity for Wisconsin franchise or income tax purposes. The owner claims any tax credits based on the LLC's or QSub's activities for which the owner would otherwise be eligible.

III. MANUFACTURER'S SALES TAX CREDIT

A. What is the purpose of the credit?

The manufacturer's sales tax credit is allowed for the amount of Wisconsin state, county, and stadium sales and use taxes paid on fuel and electricity used in manufacturing tangible personal property in Wisconsin. "Manufacturing" is the production by machinery of a new article with a different form, use, and name from existing materials by a process popularly regarded as manufacturing.

B. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule Z	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule Z	Form 5S ¹ (Any portion of the credit computed for taxable year 1998 and thereafter that is not claimed on Form 5S may be passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2.)
Exempt corporations ²	Schedule Z	Form 4T
Partnerships	Schedule 3Z	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships ³	Schedule MS	Form 1, 1NPR, or 2

¹ The credit is allowed only to the extent of a tax-option (S) corporation's franchise tax measured by interest income from certain federal, state, and local government obligations. The credit may not be offset against a tax-option (S) corporation's built-in gains tax.

² The credit is allowed only if the exempt corporation pays Wisconsin state or county sales or use tax on fuel and electricity consumed in manufacturing as an unrelated trade or business activity.

³ The credit may be offset only against the tax imposed on the business operations in which the fuel and electricity are consumed.

C. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer's franchise or income tax return.

D. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 20 years. The credit may not be offset against the recycling surcharge.

The manufacturer's sales tax credit may not be computed for taxable years that begin after December 31, 2005. The treatment of manufacturer's sales tax credits computed but unused for taxable years that begin before January 1, 2006, depends on the amount of unused credits.

Taxpayers having \$25,000 or less of unused credits as of January 1, 2006, may use up to 50% of the credit in each of the taxable years beginning in 2006 and 2007. Any remaining credits may be used in future taxable years within the 20-year carryforward period.

Taxpayers having more than \$25,000 of unused credits as of January 1, 2006, may deduct in each of the taxable years beginning after December 31, 2005, and before January 1, 2008, 50% of the amount of unused credit that the taxpayer had added back to income at the time the taxpayer first claimed the credit. For taxable years that begin after December 31, 2007, a manufacturing investment credit will be available to businesses certified by the Department of Commerce.

E. Where can I obtain more information?

Corporations see the instructions for Schedule Z in the Form 4, 5, and 5S instruction booklets. Partnerships see the instructions for Schedule 3Z. Individuals and fiduciaries see the instructions for Schedule MS.

IV. RESEARCH CREDITS

Research credits are available for increasing research activities in Wisconsin and for constructing and equipping new facilities or expanding existing facilities in Wisconsin for qualified research.

A. Research Expense Credit**1. What is the purpose of the credit?**

The research expense credit provides an incentive for increasing qualified research activities in Wisconsin. The credit equals 5% of the difference between the claimant's qualified research expenses incurred for research conducted in Wisconsin and its Wisconsin base amount. "Qualified research expenses" are defined in section 41 of the Internal Revenue Code as amended to December 31, 2004, with certain exceptions that are explained in the Form 4 and Form 5 instructions. They are the sum of in-house research expenses and 65% of contract research expenses (75% for payments made to qualified research consortia).

"Qualified research," defined in IRC section 41, means research, the costs of which may be treated as expenses under IRC section 174. The research must be undertaken for the purpose of discovering information that is technological in nature, and its application must be intended for use in developing a new or improved business component of the taxpayer.

For taxable years beginning on or after January 1, 1997, a taxpayer may elect an alternative incremental credit using a three-tiered fixed-base percentage.

2. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule R	Form 4, 4I, or 5
Exempt corporations ¹	Schedule R	Form 4T

¹ The credit is allowed only if the exempt corporation increases qualified research expenses in Wisconsin as part of an unrelated trade or business activity.

3. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the corporation's franchise or income tax return.

4. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the recycling surcharge.

5. Where can I obtain more information?

See the instructions for Schedule R.

B. Research Facilities Credit**1. What is the purpose of the credit?**

The research facilities credit is available for 5% of the qualified expenditures to construct and equip new research facilities or to expand existing facilities in Wisconsin for qualified research. "Qualified research" is defined in IRC section 41. Amounts paid or incurred for replacement property do not qualify for the credit.

2. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule R	Form 4, 4I, or 5
Exempt corporations ¹	Schedule R	Form 4T

¹ The credit is allowed only if the exempt corporation constructs or equips new research facilities in Wisconsin or expands existing facilities in Wisconsin as part of an unrelated trade or business activity.

3. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the corporation's franchise or income tax return.

4. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the recycling surcharge.

5. Where can I obtain more information?

See the instructions for Schedule R.

V. DEVELOPMENT ZONES CREDITS

A. What is the purpose of the credits?

The development zones tax credits provide tax incentives for businesses to locate in Wisconsin development zones. The Wisconsin Department of Commerce administers four development zone programs.

The Community Development Zone Program is designed to encourage private investment and improve

the quality and quantity of employment opportunities in Wisconsin's 22 community development zones. Tax credits are based on creating or retaining jobs and on cleaning up environmental pollution in community development zones.

The Enterprise Development Zone Program provides an incentive for a new or expanding business whose project will affect a specific distressed area. A zone is "site specific"; it applies to only one business. Businesses earn tax credits by creating new full-time jobs or by cleaning up environmental pollution in an enterprise development zone.

The Legislature has designated certain areas of the state as development opportunity zones. Tax credits are based on investment in a business; construction, rehabilitation, repair, or remodeling of a building; job creation or retention; and environmental remediation in the development opportunity zone.

The Agricultural Development Zone Program encourages the expansion of agricultural businesses in Wisconsin's agricultural development zone. For taxable years beginning on or after January 1, 2003, tax credits may be available based on capital investments in real and tangible personal property, job creation or retention, and environmental remediation.

The Department of Commerce determines the amount of credit available to businesses located in community development, enterprise development, development opportunity, and agricultural development zones.

To participate in the development zone programs, businesses must first be certified by the Wisconsin Department of Commerce. For more information regarding eligibility in the Wisconsin development zone programs, visit the Department of Commerce web site at www.commerce.wi.gov/CD/CD-bed.html, write to the Wisconsin Department of Commerce, P.O. Box 7970, Madison, WI 53707-7970, or call (608) 266-1018.

B. Who may qualify for the credits and on what form are they claimed?

Entity	Form Used to Compute Credits	Form on Which Credits Claimed
Corporations	Schedule DC	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule DC	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations ¹	Schedule DC	Form 4T
Partnerships	Schedule DC	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships ²	Schedule DC	Form 1, 1NPR, or 2

¹ The credit is allowed only if the exempt organization conducts an unrelated trade or business in a Wisconsin development zone.

² Estates and trusts share the credits among themselves and their beneficiaries in proportion to the income allocable to each.

C. When must the credits be claimed?

Claim the credits within four years of the unextended due date of the taxpayer's franchise or income tax return.

D. Are the credits refundable or nonrefundable?

The credits are nonrefundable. If a credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credits may not be offset against the recycling surcharge.

E. Where can I obtain more information?

See the instructions for Schedule DC.

VI. TECHNOLOGY ZONE CREDIT

A. What is the purpose of the credit?

The technology zone credit provides an incentive for new or expanding high-technology businesses to locate in a Wisconsin technology zone. Eight areas of the state have been designated as technology zones by the Wisconsin Department of Commerce. The Department of Commerce determines the amount of technology zone credit available, based on the real and personal property taxes paid, capital investments made, and jobs created by the business.

To participate in the technology zone program, businesses must first be certified for tax credits by the Wisconsin Department of Commerce. For more information regarding eligibility in the technology zone program, visit the Department of Commerce web site at www.commerce.wi.gov/CD/CD-bed-tz-general.html, write to the Wisconsin Department of Commerce, P.O. Box 7970, Madison, WI 53707-7970, or call (608) 266-1018.

B. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule TC	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule TC	Reported on Form 5S, Schedule K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations ¹	Schedule TC	Form 4T
Partnerships	Schedule TC	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships ²	Schedule TC	Form 1, 1NPR, or 2

¹ The credit is allowed only if the exempt organization's activities in a technology zone are part of an unrelated trade or business activity.

² Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

C. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer's franchise or income tax return.

D. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the recycling surcharge.

E. Where can I obtain more information?

See the instructions for Schedule TC.

VII. COMMUNITY DEVELOPMENT FINANCE AUTHORITY CREDIT

A. What is the purpose of the credit?

Corporations that make contributions to the Wisconsin Housing and Economic Development Authority and, in the same year, purchase common stock in the Wisconsin Community Development Finance Company may claim a credit. The credit is equal to 75% of the purchase price of the stock, but may not exceed 75% of the amount that was contributed to the Wisconsin Community Development Finance Authority.

B. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	No special form	Form 4, 4I, or 5
Tax-option (S) corporations ¹	No special form	Form 5S
Exempt corporations ²	No special form	Form 4T

¹ The credit may offset a tax-option (S) corporation's franchise tax measured by interest income from certain

federal, state, and local government obligations and its built-in gains tax.

² The credit is allowed only if the exempt corporation makes the contribution as part of an unrelated trade or business activity.

C. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the corporation's Wisconsin corporation franchise or income tax return.

D. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the recycling surcharge.

E. Where can I obtain more information?

See the instructions for Form 4, 4I, 4T, 5, or 5S.

VIII. SUPPLEMENT TO FEDERAL HISTORIC REHABILITATION TAX CREDIT

A. What is the purpose of the credit?

The supplement to the federal historic rehabilitation tax credit provides an incentive to businesses to rehabilitate certified historic structures located in Wisconsin and used for the production of income. The building must be listed in the National Register of Historic Places or determined to be historic and will be listed in the National Register.

To qualify for the credit, the qualified rehabilitation expenditures must be more than the greater of \$5,000 or the adjusted basis in the building on the first day of a 24-month, or for phased rehabilitation projects a 60-month, rehabilitation period. The credit equals 5% of the qualified rehabilitation expenditures incurred during the rehabilitation period.

"Qualified rehabilitation expenditures" are amounts incurred that must be capitalized and added to the basis of the building rather than deducted. Qualified

expenditures don't include any amount being depreciated under an accelerated method, the cost of acquiring the building itself or any interest in the building, or any expense incurred for the enlargement of an existing building.

The Wisconsin Historical Society administers the historic preservation program. A business must formally apply to the National Park Service, through the Wisconsin Historical Society, for approval of the project before beginning the physical work of construction, or destruction in preparation of construction. In addition, the business generally must receive final certification of the completed work from the National Park Service before claiming the credit.

For more information, visit the Historical Society's web site at www.wisconsinhistory.org/hp/buildings, write to the Division of Historic Preservation, Wisconsin Historical Society, 816 State Street, Madison, WI 53706-1482, or call (608) 264-6490.

B. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule HR	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule HR	Reported on Form 5S, Schedule 5K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations ¹	Schedule HR	Form 4T
Partnerships	Schedule HR	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships ²	Schedule HR	Form 1, 1NPR, or 2

¹ The credit is allowed only if the exempt organization rehabilitates a certified historic structure used in an unrelated trade or business.

² Estates and trusts share the supplement to the federal historic rehabilitation tax credit among themselves and their beneficiaries in proportion to the income allocable to each.

C. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer's Wisconsin franchise or income tax return.

D. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the recycling surcharge.

E. Where can I obtain more information?

See the instructions for Schedule HR.

IX. DAIRY INVESTMENT CREDIT

A. What is the purpose of the credit?

The dairy investment credit encourages dairy farm modernization or expansion of the claimant's dairy farm in Wisconsin. To qualify for the credit, the expenditures must be for certain depreciable property used exclusively related to dairy animals in Wisconsin. The property must be acquired and placed in service in taxable years beginning on or after January 1, 2004, and before January 1, 2010.

"Dairy farm modernization or expansion" means the construction, the improvement, or the acquisition of buildings or facilities, or the acquisition of equipment, for dairy animal housing, confinement, animal feeding, milk production, or waste management, if exclusively related to dairy animals and if acquired and placed in service in Wisconsin.

"Used exclusively" related to dairy animals means used to the exclusion of all other uses except for other uses not exceeding 5% of total use.

The credit is equal to 10% of the purchase price of qualified property. The maximum credit available during the six-year period is \$50,000.

B. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations	Schedule DI	Form 4, 4I, or 5
Tax-option (S) corporations	Schedule DI	Reported on Form 5S, Schedule K, passed through to shareholders on Schedule 5K-1, and claimed on Form 1, 1NPR, or 2
Exempt corporations ¹	Schedule DI	Form 4T
Partnerships	Schedule DI	Reported on Form 3, passed through to partners on Schedule 3K-1, and claimed on Form 1, 1NPR, 2, 3, 4, 4I, 4T, 5, or 5S
Sole proprietorships ²	Schedule DI	Form 1, 1NPR, or 2

¹ The credit is allowed only if the exempt corporation acquires property for dairy farm modernization or expansion as part of an unrelated trade or business activity.

² Estates and trusts share the credit among themselves and their beneficiaries in proportion to the income allocable to each.

C. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer's franchise or income tax return.

D. Is the credit refundable or nonrefundable?

The credit is nonrefundable. If the credit is not entirely offset against Wisconsin franchise or income taxes due for the current taxable year, the balance may be carried forward for 15 years. The credit may not be offset against the recycling surcharge.

E. Where can I obtain more information?

See the instructions for Schedule DI.

X. FARMLAND CREDITS

Two tax credits may be available to certain owners of Wisconsin farmland.

A. Farmland Preservation Credit

1. What is the purpose of the credit?

The farmland preservation credit provides an incentive for owners of Wisconsin farmland to preserve their farmland. An owner of at least 35 acres of farmland may qualify for the credit either by signing a farmland preservation agreement not to develop the land for a specific time or by having the land zoned for exclusive agricultural use. The farmland must have generated at least \$6,000 of gross farm profits for the current taxable year or at least \$18,000 of gross farm profits during the current taxable year and the last two years combined.

Farmland preservation credit is based on the first \$6,000 of net property taxes levied on farmland and improvements. The maximum amount of credit available is \$4,200. The minimum credit is 10% of the net property taxes, up to \$600.

2. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations organized under Wisconsin law	Schedule FC	Form 4, 4I, or 5
Exempt organizations organized under Wisconsin law	Schedule FC	Form 4T
Wisconsin resident individuals, trusts created by Wisconsin residents, grantors of revocable trusts	Schedule FC	Form 1, 1NPR, or 2

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
who are Wisconsin residents, estates of individuals who are Wisconsin residents on the date of death, and guardians on behalf of wards		
Wisconsin resident partners, LLC members, and tax-option (S) corporation shareholders	Schedule FC	Form 1, 1NPR, 2, 4, 4I, 4T, or 5

3. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer's Wisconsin franchise or income tax return.

4. Is the credit refundable or nonrefundable?

The credit is refundable. If the credit is not entirely offset against qualifying Wisconsin franchise or income taxes due for the current taxable year, the balance will be refunded. The credit may be offset against the recycling surcharge.

5. Where can I obtain more information?

See the instructions for Schedule FC and Publication 503, *Wisconsin Farmland Preservation Credit*.

B. Farmland Tax Relief Credit

1. What is the purpose of the credit?

The farmland tax relief credit is available to certain persons who own at least 35 acres of Wisconsin farmland. The farmland must have generated at least \$6,000 of gross farm profits for the current taxable year or at least \$18,000 of gross farm profits during the current taxable year and the last two years combined.

For taxable years beginning in 2005, the farmland tax relief credit is equal to 20% of the first \$10,000 of net property taxes levied on the farmland, exclusive of improvements, but not more than \$1,500. For persons also claiming farmland preservation credit, the total of the farmland preservation credit and farmland tax relief credit cannot exceed 95% of the net property taxes on the Wisconsin farm.

2. Who may qualify for the credit and on what form is it claimed?

Entity	Form Used to Compute Credit	Form on Which Credit Claimed
Corporations organized under Wisconsin law	Schedule FT	Form 4, 4I, or 5
Exempt organizations organized under Wisconsin law	Schedule FT	Form 4T
Wisconsin resident individuals, trusts created by Wisconsin residents, grantors of revocable trusts who are Wisconsin residents, estates of individuals who are Wisconsin residents on the date of death, and guardians on behalf of wards	No special form	Form 1, 1NPR, or 2
Wisconsin resident partners, LLC members, and tax-option (S) corporation shareholders	No special form	Form 1, 1NPR, 2, 4, 4I, 4T, or 5

3. When must the credit be claimed?

Claim the credit within four years of the unextended due date of the taxpayer's Wisconsin franchise or income tax return.

4. Is the credit refundable or nonrefundable?

The credit is refundable. If the credit is not entirely offset against qualifying Wisconsin

franchise or income taxes due for the current taxable year, the balance will be refunded. The credit may be offset against the recycling surcharge.

5. Where can I obtain more information?

Corporations see the instructions for Schedule FT. Individuals and fiduciaries see the instructions for Form 1 or Form 2, as appropriate.

XI. ADDITIONAL INFORMATION OR FORMS

If, after reading this publication, you have any questions about the Wisconsin tax credits, you may:

- E-mail your question to corp@dor.state.wi.us
 - Send a FAX to (608) 267-0834
 - Call (608) 266-2772 [TTY (608) 267-1049]
 - Write to the Audit Bureau, Wisconsin Department of Revenue, Mail Stop 5-144, P.O. Box 8906, Madison, WI 53708-8906
 - Call or visit any Department of Revenue office
- If you need forms, you may:
- Download them from the Department's Internet web site at www.dor.state.wi.us
 - Use your fax telephone to call the Department's Fax-A-Form Retrieval System at (608) 261-6229
 - Request them online at www.dor.state.wi.us/html/formsreq.html
 - Call (608) 266-1961
 - Write to the Forms Request Office, Wisconsin Department of Revenue, Mail Stop 1-151, P.O. Box 8949, Madison, WI 53708-8949
 - Call or visit any Department of Revenue office

XII. AVAILABILITY OF BUSINESS TAX CREDITS

Tax Credit	Corporations	Tax-Option Corporations	Partnerships	Individuals, Estates, and Trusts
Manufacturer's sales tax credit	Yes.	Yes. Calculated by corporation and claimed by corporation or passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Research Credits:				
Expense credit	Yes.	No.	No.	No.
Facilities credit	Yes.	No.	No.	No.
Development zones credits	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Technology zone credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Community development finance authority credit	Yes.	Yes. Claimed by corporation.	No.	No.
Supplement to federal historic rehabilitation tax credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Dairy investment credit	Yes.	Yes. Calculated by corporation and passed through to shareholders.	Yes. Calculated by entity and passed through to partners or LLC members.	Yes.
Farmland Credits:				
Farmland preservation credit	Yes.	Yes. Shareholders may claim credit based on share of corporation's taxes.	Yes. Partners or LLC members may claim credit based on share of entity's taxes.	Yes.
Farmland tax relief credit	Yes.	Yes. Shareholders may claim credit based on share of corporation's taxes.	Yes. Partners or LLC members may claim credit based on share of entity's taxes.	Yes.